



Coats North America

Coats North America
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December 4, 2009

Senate Finance Committee,
219 Dirksen Senate Office Building,
Washington, DC, 20510

Dear Committee Member:

I am writing to let you know of our company's support of duty suspension legislation for acrylic staple and tow filament and fiber. Legislation to suspend duties on these items was introduced by Senators Johnny Isakson and Saxby Chambliss. The specific bills of interest are S.1941, S.1942, S.1943, S.2004, S.2005, S.2006.

We feel that these bills are vital to the survival of Coats US hand knitting yarn manufacturing operations. In 2005 we were purchasing 100% of our requirements from Solutia, the only remaining US supplier of these products when they announced that they would be exiting the business. Given that these basic raw materials are the primary components in product groups that represent over 50% of our companies sales figures you can imagine how vitally important these bills are to us. Whereas only a few short years ago we were paying no duty for this key component we now find ourselves subject to significant additional costs.

These duty suspension bills have the ability to assist us in remaining competitive as we struggle against foreign imports of finished products. Passage of these bills can help to make a difference in our ability to compete with China and other low cost manufacturing countries who are adding virtually no value to their products here in the US. It would also allow us to compete on a more even playing field with our Canadian competitors who are already receiving duty free treatment for these raw materials into Canada. They can then import into the US using TPL's which allow for duty free entrance regardless of fiber/filament origin.

Our understanding is that there is discussion around the potential combining of the above bills either by themselves or along with other seemingly similar bills currently pending from other companies. This would be disastrous for Coats. Anything short of realizing completely duty free treatment on all the above mentioned bills will continue to jeopardize our current supply chain as well as the employees that work so hard to manufacture a quality US made product.

In today's competitive global market where we are all facing increasing costs on a daily basis we are sometimes forced to make very difficult decisions. In this particular situation however, I think we find ourselves asking you to make a very simple and logical decision. On behalf of the almost 1,300 US employees and almost 3,000 Coats employees in North America I encourage you to help keep us competitive and push for passage of the above mentioned bills.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

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